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TAGS: [ECON](#) [AL](#) [BU](#) [ECON](#) [ENRG](#) [GR](#) [MK](#) [RS](#)
SUBJECT: DIMITRIOS COPELOUZOS AND THE COPELOUZOS GROUP:
GAZPROM BY ANY OTHER NAME?

Classified By: Ambassador Charles P. Ries for reasons 1.4 (b,d)

¶1. (C) SUMMARY. Dimitrios Copelouzos, the founding Chairman and Managing Director of the Copelouzos Group, has evolved into a key player in the regional energy market and is currently participating in a number of significant energy transportation projects including the Burgas-Alexandroupoli pipeline, the Turkey-Greece-Italy Interconnector (TGI), and a proposed "Western Macedonia Branch" of TGI which will supply a planned power plant in Korje, Albania, with natural gas. He is also cooperating with the Swiss firm Elektrizitatz-Gesellschaft Laufenburg (EGL) on the development of a Balkan gas pipeline that could carry gas, presumably Russian, to Italy via Greece and Albania.

¶2. (C) The Copelouzos Group is currently one of Greece's largest commercial and industrial groups, operating in Greece and abroad in several strategic sectors, including construction, energy, transportation, and real estate. One of the firm's subsidiaries is Prometheus Gas, a joint venture with Russian Gazprom, which has developed into strategic alliance that will allow Copelouzos to sell Russian gas directly to the Greek market. The Greek Public Gas Corporation (DEPA) views Copelouzos and his Gazprom alliance with suspicion, fearing the firm could turn into a powerful competitor, representing one of the major challenges to its overall regional gas policy. END SUMMARY.

DIMITRIOS COPELOUZOS: BIOGRAPHY

¶3. (C) Dimitrios Copelouzos wears many hats and has been a well-known Embassy contact for many years. In addition to his role as chairman and managing director of the Copelouzos Group, he is also the managing director of Prometheus Gas, a Gazprom joint venture, and managing director of Neco, a collaboration with Bulgaria's state power generation company. He is also the chairman of Enelco, a joint company with Italian Energy Utility Enel, and Europrom Telecommunications, a cooperative effort with Europrom Communications. He has an educational background in mechanical engineering and resides in Athens with his son, daughter, and wife, Kiriaki Bonatsos. Copelouzos served as a member of the Greek Parliament from 1981 to 1985, reportedly to attain power and influence for business reasons. Copelouzos founded his original company with his brother, Emanuel. Of the two brothers, Copelouzos has always been the "deal maker" who prides himself on his ability to create transactions through his networking capabilities. The Copelouzos brothers eventually divided the company due to differences in business philosophies although they both continue to work in similar industries. Today,

Dimitrios Copelouzos is among the top ten businessmen who can conduct and complete deals in Greece.

14. (C) Copelouzos has extensive and growing ties to Russia and Russian concerns. He became heavily involved with Gazprom when the construction arm of his firm was contracted to build branches off of Greece's main gas trunk line, a line filled almost entirely by Gazprom gas. It is believed that Copelouzos was first introduced to the Russians in the 1980s through his construction projects in power generation, road works, and mining. After this initial contact, Copelouzos began to receive additional contracts with Russian involvement, eventually leading to his association with Gazprom. In Greece, Copelouzos has developed a network of individuals that hold strategic positions in various public and private organizations who remain close to him, although the extent of that network is not clear.

PROMETHEUS GAS ALLIED WITH GAZPROM

15. (C) Prometheus Gas was developed in 1991 as a joint venture between Copelouzos Group and the Russian natural gas company, Gazprom. Prometheus is both a natural gas infrastructure development and supply company. On the construction side, Prometheus was awarded an exclusive contract to develop the natural gas infrastructure in northeast Greece (Thessaloniki region), as well as a 55 km portion of the Greek-Turkish natural gas interconnector. On the supply side, Prometheus has the right to sell Russian natural gas in Greece, as well as to resell it back into neighboring Balkan countries, under certain conditions. Currently, Prometheus cannot compete on gas sales with DEPA, the local natural gas supply corporation, until DEPA

purchases 3 bcm in a single year. After that ceiling is reached, Prometheus can buy up to an additional 3.1 bcm from Russia for sale in Greece or other neighboring countries. This deal is in place until 2016, which is the life-span of the current DEPA contract with Gazprom. On its website, however, Prometheus claims to have a 50-year supply agreement with Gazprom, and that after 2016, it will become the sole supplier of Russian gas in Greece, including to DEPA itself.

COPELOUZOS ON THE TURKEY-GREECE-ITALY INTERCONNECTOR

16. (C) Through DEPA, the Greek Government has embarked on an ambitious plan involving cooperation with Italian Edison and Turkey's Botas, to bring gas from Turkey to Italy. The USG has urged the GoG to put Caspian gas into this pipeline, which would make it the first line bringing Caspian gas directly to Europe. Copelouzos has challenged this concept through his efforts to supply Russian gas to GI. Were he to be successful, this would further tighten Gazprom's hold on Greece as well as choke off a potential Russian-free route for Caspian natural gas to reach western Europe. Copelouzos claims that TGI has sufficient capacity to accommodate Russian and Azeri gas, although with an initial estimated throughput of only 4 bcm annually, growing to a maximum of 8, it is not clear that this is economically true. Interestingly, Copelouzos told Ambassador directly that Russia does not have the ability to fill TGI. (Note: While this is a bold statement, and many professionals have noted that Russian gas commitments exceed anticipated capacity growth, it does not follow that Gazprom, interested in maintaining its monosponistic control over Caspian Basin natural gas, wouldn't find 4 bcm annually to fill the TGI from some other contract. End note.)

COPELOUZOS LOOKING AT ALBANIAN MARKET

17. (SBU) Copelouzos has also expressed an intense interest in building a gas pipeline to Albania which would feed a gas-powered electricity plant in Korje, Albania. The plant would cost approximately 200 million euros. Copelouzos said his "West Macedonia Branch" of TGI would feed power plants in

Greece as well as Albania. Copelouzos has suggested that the pipeline, which would fuel a 300 mega watt plant in Korje, be constructed by Prometheus Gas in cooperation with U.S. energy firm ContourGlobal.

EGLE'S GREECE/ALBANIA/ITALY PIPELINE: COMPETITION FOR TGI

¶18. (C) Ever the busy bee, Copelouzos is also working on a planned project with Switzerland's EGL to construct a Trans-Adriatic natural gas pipeline (TAP) from Greece's Thessaloniki to Italy's port of Brindisi through Albania. EGL officials admitted to the Embassy that they are strongly considering using Russian gas for this project. DEPA officials are leery of the EGL project and are concerned that the market will not support two regional pipelines running gas to Italy. They are also concerned Gazprom may leverage its support for EGL into a share in TGI. DEPA is worried that EGL's shallower underwater route from Albania to Italy will be cheaper than their TGI project, which runs across the Ionian at a deeper point to the south, and will thus undercut the viability of the DEPA/Edison pipeline. The GoG views challenges to TGI such as EGL's extremely seriously. In fact, according to the Head of Greece's Energy Regulation Authority, the GoG decided to designate the Greek on-land portion of TGI a public company in large part to allow it to receive significant EU co-funding, which could help offset TGI's higher-cost transit routing.

OPAP TENDER: COPELOUZOS WORKING WITH SCIENTIFIC GAMES

¶19. (C) Copelouzos is a pragmatic businessman, and does not let any current alliance stand in the way of future alliances; his relations with the Russians do not keep him from courting U.S. business interests, for example. The Greek Organization of Football (OPAP), one of Europe's largest betting groups by market value and Greece's most important lottery and gaming company, has been undergoing privatization since 2000. In January 2006, OPAP announced the submission of three bids in a 200 million euro international tender to supply, install, and offer technical

support for a new IT system. The three bidders included Intralot, GTECH Corporation, and Scientific Games International. Copelouzos threw his hat in the ring for the tender, eventually deciding to work with Scientific Games International, a New York based company which provides services, systems, and products to lottery and wagering industries worldwide.

THE COPELOUZOS GROUP: ADDITIONAL BACKGROUND

¶10. (U) The following is additional background information about the Copelouzos Group and its subsidiaries and ventures:

- The Copelouzos Group was established in 1970. It operates in Greece and abroad within several strategic sectors including key technological and industrial services. The Group consists of: Prometheus Gas, Enelco, Damco Energy, TechnoInvest, Remedy Advertising, Neco, Horizon Air Investments, Gre-Tex Power Limited, Damlot Lottery Games, and Europrom Telecommunications.

- Damco Energy activities include the development, design, construction, and operation of energy, telecommunication and transportation infrastructure projects. Damco Energy also participates in the carrying out of technical and economical feasibility studies, the rendering of consultant services, and the trading of electrochemical equipment and other types of vehicles.

- TechnoInvest was established in 1990 and is primarily involved in the real estate sector. Its activities include the purchase, construction and administration of office and

commercial buildings, as well as the development of new real estate investments. In addition, TechnoInvest organizes, administers and supervises technical projects and also trades industrial products.

- Remedy Advertising belongs 100% to the Copelouzos Group and engages in outdoor and indoor advertising. Remedy cooperates successfully with the many municipalities and other public and private authorities. The main advertising means are panels, billboards, bus shelters, towers, wallscales, and transportation.

- Neco is a Greek-Bulgarian joint company established in Athens in August 2002. The company's shareholders are NEK EAD, the Bulgarian State power generation and distribution company, which owns 50% and Prometheus Gas and Damco Energy of the Copelouzos Group which own 25% respectively. The main focus of the NECE is to import and trade electricity sourced from Bulgaria to the Greek market.

- Copelouzos Group's involvement in the airport sector began with the acquisition of a 5% stake of the new Athens International Airport (AIA) by Horizon Air Investments, a company owned 100% by the Group. The Group's strategy in the sector is to expand and diversify its portfolio by acquiring airport stakes in Greece and in the neighboring countries of the Southeastern Europe area.

- Gre-Tex Power Limited is a company in which Damco Energy holds 100% of the shares. The main activity of the company is the rental of power generating sets, where it can provide all the necessary services for turn-key delivery projects.

- Enleco was established in September 1999. The shareholders of the company are Enel Investment Holding (a 100% subsidiary of the Italian Electrical Utility Enel), holding 75% of the shares and Prometheus Gas with 25%. The company develops projects in the electric power sector in Greece and in the neighboring countries. Enelco also deals with the potential of exporting energy to Italy via the existing submarine electrical power cable between two countries.

- Damlot Lottery Games was established in 1999. Its activities include the development, management, operation and exploitation of all kinds of lottery games, instant scratch tickets and betting, in Greece and abroad. Damlot provides electromechanical equipment, electronic equipment, and lottery slips.

- Europrom Telecommunications is a joint company between Prometheus Gas and Eurocom Telecommunications. The company is involved in the provision of broadband telecommunications

services having acquired from the National Telecommunications and Post Commission two licenses for Fixed Wireless Access in the frequencies of 3.5Ghz and 26Ghz.

COMMENT:

110. (C) Copelouzos is strategically positioned to influence the Greek natural gas market in favor of Prometheus Gas which operates as an extension of Gazprom's network. There is growing concern over Copelouzos' activity that serves Russian interests and jeopardizes USG's efforts to promote diversification of supply to the energy market of Greece and the surrounding region. Post is concerned that Copelouzos and Prometheus Gas dance to the tune called by Gazprom, and that all three are dedicated to maintain Russia's virtual natural gas monopoly in Europe and will work to undermine any attempt to bring competition to the Greek market. END

COMMENT.

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